

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF**

In re, Highland Capital Management, LP  
Debtor

Case No.

**INITIAL MONTHLY OPERATING REPORT**

File report and attachments with Court and submit copy to United States Trustee within 15 days after order for relief.

Certificates of insurance must name United States Trustee as a party to be notified in the event of policy cancellation. Bank accounts and checks must bear the name of the debtor, the case number, and the designation "Debtor in Possession." Examples of acceptable evidence of Debtor in Possession Bank accounts include voided checks, copy of bank deposit agreement/certificate of authority, signature card, and/or corporate checking resolution.

REQUIRED DOCUMENTS	Document Attached	Explanation Attached
12-Month Cash Flow Projection (Form IR-1)	See attached	
Certificates of Insurance:		
Workers Compensation	See attached	
Property	See attached	
General Liability	See attached	
Vehicle	See attached	
Other: Self-Insured Medical/Dental; Employers and Professional Liability	See attached	See attached
Identify areas of self-insurance w/liability caps	See attached	See attached
Evidence of Debtor in Possession Bank Accounts		
Tax Escrow Account	NA	
General Operating Account	In Process at East West Bank	
Money Market Account pursuant to Local Rule 4001-3 for the District of Delaware only. Refer to: <a href="http://www.dcb.uscourts.gov/">http://www.dcb.uscourts.gov/</a>	NA	
Other: Professional Fees Account/Insurance Account	In Process at East West Bank	
Retainers Paid (Form IR-2)	See attached	

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the documents attached are true and correct to the best of my knowledge and belief.

Signature of Debtor

Date

Signature of Joint Debtor

Date

Signature of Authorized Individual\*

Date

Frank Waterhouse

CFO

Printed Name of Authorized Individual

Title of Authorized Individual

\*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

FORM IR (4/07)

**Highland Capital Management, L.P. - Cash Forecast**  
 Next 13 Weeks Commencing October 16, 2019  
*(in thousands)*



	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Week beginning	10/16	10/21	10/24	10/28	11/01	11/04	11/07	11/11	11/14	11/18	11/21	11/25	11/28	12/01	12/04	12/08	12/11	12/14	12/18	12/21	12/25	12/28	12/31	13 Weeks	
Beginning unrestricted operating cash	\$ 2,126	\$ 2,126	\$ 2,178	\$ 2,178	\$ 2,178	\$ 2,178	\$ 2,178	\$ 2,178	\$ 2,178	\$ 2,178	\$ 2,178	\$ 2,178	\$ 2,178	\$ 2,178	\$ 2,178	\$ 2,178	\$ 2,178	\$ 2,178	\$ 2,178	\$ 2,178	\$ 2,178	\$ 2,178	\$ 2,178	\$ 2,126	
<b>Operating Receipts</b>																									
Management fees and other related receipts	\$ -	\$ 14	\$ 1,705	\$ 1,907	\$ -	\$ 1,849	\$ 27	\$ 1,487	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,936	
Compensation and benefits	-	(7)	(663)	-	(633)	-	(633)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,198)	
Payroll, benefits, and taxes + exp. related (1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Severance payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cash bonus awards (including deferred)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total compensation and benefits	\$ -	\$ (7)	\$ (663)	\$ -	\$ (633)	\$ -	\$ (633)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,198)	
<b>General overhead</b>																									
Outside legal (ordinary course)	-	-	-	(72)	-	-	(73)	-	(73)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(225)	
General overhead - critical vendors (pre-petition)	-	-	(3)	(23)	(25)	(25)	(25)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(230)	
General overhead - post-petition vendors	-	(10)	(428)	(339)	(206)	(206)	(206)	-	(206)	(206)	(206)	(206)	(206)	(206)	(206)	(206)	(206)	(206)	(206)	(206)	(206)	(206)	(206)	(2,913)	
Software service fees	-	(24)	(11)	-	-	(35)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(106)	
Interest payments and financing costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total general overhead	\$ -	\$ (34)	\$ (444)	\$ (439)	\$ (234)	\$ (270)	\$ (309)	\$ (270)	\$ (270)	\$ (270)	\$ (270)	\$ (345)	\$ (345)	\$ (345)	\$ (345)	\$ (345)	\$ (345)	\$ (345)	\$ (345)	\$ (345)	\$ (345)	\$ (345)	\$ (345)	\$ (3,473)	
Net change in cash due to operating activities	-	(27)	597	1,508	969	1,579	916	1,217	845	(1,320)	(677)	(372)	(372)	(372)	(372)	(372)	(372)	(372)	(372)	(372)	(372)	(372)	(372)	2,165	
<b>Reserve related (2) - payments to professional fee reserve acc.</b>																									
Debtors bankruptcy counsel	-	-	-	-	-	(1,613)	(269)	(269)	(269)	(269)	(269)	(269)	(269)	(269)	(269)	(269)	(269)	(269)	(269)	(269)	(269)	(269)	(269)	(3,599)	
Debtors PACRO	-	-	-	-	-	(300)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(600)	
Compensation consultant	-	-	-	-	-	(16)	(16)	(16)	(16)	(16)	(16)	(16)	(16)	(16)	(16)	(16)	(16)	(16)	(16)	(16)	(16)	(16)	(16)	(128)	
Committee counsel	-	-	-	-	-	(72)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(104)	
Committee FA	-	-	-	-	-	(72)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(104)	
US Trustee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(250)	
Total reserve related	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,077)	\$ (372)	\$ (372)	\$ (372)	\$ (372)	\$ (372)	\$ (677)	\$ (372)	\$ (372)	\$ (372)	\$ (372)	\$ (372)	\$ (372)	\$ (372)	\$ (372)	\$ (372)	\$ (372)	\$ (372)	\$ (4,926)	
Net change in cash from ops + reserve costs	(27)	(27)	597	1,508	969	845	(1,320)	(677)	845	(1,320)	(677)	(372)	(372)	(372)	(372)	(372)	(372)	(372)	(372)	(372)	(372)	(372)	(372)	(2,761)	
<b>Investing cash flows (financial only, not ops)</b>																									
Jeffries prime brokerage (security cash), net	-	-	-	-	-	1,250	-	1,607	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,618	
Seize Equity Fund equity redemptions	-	-	-	-	-	(4,550)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,659)	
Third party fund capital call obligations	-	-	-	-	-	400	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	479	
Third party fund anti-spread distributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Highland Capital Management bonus	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Multi Strategy Credit Fund	-	-	-	-	-	(500)	-	-	-	(500)	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,800)	
Highland Capital Management Latin America	-	-	-	-	-	(100)	-	-	-	(100)	-	-	-	-	-	-	-	-	-	-	-	-	-	(200)	
Proceeds from outstanding notes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	701	
Proceeds from other investments (non-PS)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net change in cash due to investing activities	-	79	(100)	(500)	-	967	(500)	1,301	(500)	601	(500)	601	(500)	601	(500)	601	(500)	601	(500)	601	(500)	601	(500)	848	
<b>Financing cash flows</b>																									
Required equity distributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Equity contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Existing debt payables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net change in cash due to financing activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Ending unrestricted operating cash	\$ 2,126	\$ 2,178	\$ 2,178	\$ 2,178	\$ 2,178	\$ 2,178	\$ 2,178	\$ 2,178	\$ 2,178	\$ 2,178	\$ 2,178	\$ 2,178	\$ 2,178	\$ 2,178	\$ 2,178	\$ 2,178	\$ 2,178	\$ 2,178	\$ 2,178	\$ 2,178	\$ 2,178	\$ 2,178	\$ 2,178	\$ 2,178	
<b>Professional fees accrual account (3)</b>																									
Reserve related professional fees accrual beginning balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Payments from operating account	-	-	-	-	-	2,077	372	372	372	372	372	372	372	372	372	372	372	372	372	372	372	372	372	4,928	
Payments to professionals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Debtors bankruptcy counsel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,508)	
Debtors PACRO	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(350)	
Compensation consultant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(32)	
Committee counsel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(173)	
Committee FA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(173)	
US Trustee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(250)	
Total outflows to professionals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Reserve related professional fees accrual ending balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

(1) Beginning unrestricted operating cash represents the bank cash balance of the Debtor's operating account as of the Prior Date.

(2) Reserve activity includes monthly bank statements, payments and fees from the operating account to the reserve account, and any cash and non-cash items used to pay claims and administrative expenses of the reorganization plan.

(3) Reserve activity includes monthly bank statements, payments and fees from the operating account to the reserve account, and any cash and non-cash items used to pay claims and administrative expenses of the reorganization plan.

(4) Forecast assumes the amount of funds from the operating account to the professional fees accrual account is used to pay reserve related vendors 80% of estimated fees beginning in December 2019, except for the Debtors FA's, which is paid 100%.



# CERTIFICATE OF LIABILITY INSURANCE

Page 1 of 1

DATE (MM/DD/YYYY)  
10/24/2019

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER  
Willis of Texas, Inc.  
c/o 26 Century Blvd  
P.O. Box 305191  
Nashville, TN 372305191 USA

CONTACT  
NAME:  
PHONE (A/C, No, Ext): 1-877-945-7378 FAX (A/C, No): 1-888-467-2378  
E-MAIL: certificates@willis.com  
ADDRESS:

INSURED  
Highland Capital Management, L.P.  
300 Crescent Court  
Suite 700  
Dallas, TX 75201

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A: Great Northern Insurance Company	20303
INSURER B: Federal Insurance Company	20281
INSURER C: Chubb National Insurance Company	10052
INSURER D:	
INSURER E:	
INSURER F:	

## COVERAGES

CERTIFICATE NUMBER: W13496935

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY					EACH OCCURRENCE \$ 1,000,000
	<input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR					DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000
			3592-17-94	07/29/2019	07/29/2020	MED EXP (Any one person) \$ 10,000
	GEN'L AGGREGATE LIMIT APPLIES PER:					PERSONAL & ADV INJURY \$ 1,000,000
	<input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC					GENERAL AGGREGATE \$ 2,000,000
	OTHER:					PRODUCTS - COMP/OP AGG \$ 2,000,000
A	AUTOMOBILE LIABILITY					
	<input checked="" type="checkbox"/> ANY AUTO					COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000
	<input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS		7358-99-26	07/29/2019	07/29/2020	BODILY INJURY (Per person) \$
	<input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY					BODILY INJURY (Per accident) \$
B	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR					EACH OCCURRENCE \$ 20,000,000
	<input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE		7986-78-84	07/29/2019	07/29/2020	AGGREGATE \$ 20,000,000
	<input type="checkbox"/> DED <input checked="" type="checkbox"/> RETENTION \$ 0					
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY					<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	Y/N	(20) 7174-63-12	07/29/2019	07/29/2020	E.L. EACH ACCIDENT \$ 1,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below	No				E.L. DISEASE - EA EMPLOYEE \$ 1,000,000
		N/A				E.L. DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

## CERTIFICATE HOLDER

## CANCELLATION

Office of The United States Trustee  
844 King Street, Suite 2207  
Lockbox 35  
Wilmington, DE 19801

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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ACORD 25 (2016/03)

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BR ID: 18720730

BATCH: 1425032



## EVIDENCE OF COMMERCIAL PROPERTY INSURANCE

DATE (MM/DD/YYYY)  
10/24/2019

THIS EVIDENCE OF COMMERCIAL PROPERTY INSURANCE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE ADDITIONAL INTEREST NAMED BELOW. THIS EVIDENCE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS EVIDENCE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE ADDITIONAL INTEREST.

PRODUCER NAME, CONTACT PERSON AND ADDRESS Willis of Texas, Inc. c/o 26 Century Blvd P.O. Box 305191 Nashville, TN 372305191 USA		PHONE (A/C No. Ext): 1-877-945-7378	COMPANY NAME AND ADDRESS Great Northern Insurance Company 15 Mountain View Road Warren, NJ 07059		NAIC NO: 20303
FAX (A/C No.): 1-888-467-2378	E-MAIL ADDRESS: certificates@willis.com		IF MULTIPLE COMPANIES, COMPLETE SEPARATE FORM FOR EACH		
CODE:	SUB CODE:		POLICY TYPE Commercial Property		
AGENCY CUSTOMER ID #:			LOAN NUMBER		POLICY NUMBER 3592-17-94
NAMED INSURED AND ADDRESS Highland Capital Management, L.P. 300 Crescent Court Suite 700 Dallas, TX 75201			EFFECTIVE DATE 07/29/2019		EXPIRATION DATE 07/29/2020
ADDITIONAL NAMED INSURED(S)			CONTINUED UNTIL TERMINATED IF CHECKED		
			THIS REPLACES PRIOR EVIDENCE DATED:		

PROPERTY INFORMATION (ACORD 101 may be attached if more space is required) ☐ BUILDING OR ☒ BUSINESS PERSONAL PROPERTY

LOCATION / DESCRIPTION

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS EVIDENCE OF PROPERTY INSURANCE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

COVERAGE INFORMATION	PERILS INSURED	BASIC	BROAD	<input checked="" type="checkbox"/> SPECIAL
COMMERCIAL PROPERTY COVERAGE AMOUNT OF INSURANCE: \$ 9,062,000		DED: 2,500		
<input checked="" type="checkbox"/> BUSINESS INCOME <input checked="" type="checkbox"/> RENTAL VALUE	YES NO N/A	IF YES, LIMIT: 1,227,500. <input checked="" type="checkbox"/> Actual Loss Sustained; # of months:		
BLANKET COVERAGE	<input checked="" type="checkbox"/>	IF YES, indicate value(s) reported on property identified above: \$		
TERRORISM COVERAGE	<input checked="" type="checkbox"/>	Attach Disclosure Notice / DEC		
IS THERE A TERRORISM-SPECIFIC EXCLUSION?	<input checked="" type="checkbox"/>			
IS DOMESTIC TERRORISM EXCLUDED?	<input checked="" type="checkbox"/>			
LIMITED FUNGUS COVERAGE	<input checked="" type="checkbox"/>	IF YES, LIMIT: DED:		
FUNGUS EXCLUSION (If "YES", specify organization's form used)	<input checked="" type="checkbox"/>			
REPLACEMENT COST	<input checked="" type="checkbox"/>			
AGREED VALUE	<input checked="" type="checkbox"/>			
COINSURANCE	<input checked="" type="checkbox"/>	IF YES, %		
EQUIPMENT BREAKDOWN (If Applicable)	<input checked="" type="checkbox"/>	IF YES, LIMIT: Included DED: 2,500		
ORDINANCE OR LAW - Coverage for loss to undamaged portion of bldg	<input checked="" type="checkbox"/>	IF YES, LIMIT: DED:		
- Demolition Costs	<input checked="" type="checkbox"/>	IF YES, LIMIT: DED:		
- Incr. Cost of Construction	<input checked="" type="checkbox"/>	IF YES, LIMIT: DED:		
EARTH MOVEMENT (If Applicable)	<input checked="" type="checkbox"/>	IF YES, LIMIT: DED:		
FLOOD (If Applicable)	<input checked="" type="checkbox"/>	IF YES, LIMIT: 1,000,000 DED: 25,000		
WIND / HAIL INCL <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO Subject to Different Provisions:	<input checked="" type="checkbox"/>	IF YES, LIMIT: Included DED: 50,000		
NAMED STORM INCL <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO Subject to Different Provisions:	<input checked="" type="checkbox"/>	IF YES, LIMIT: DED:		
PERMISSION TO WAIVE SUBROGATION IN FAVOR OF MORTGAGE HOLDER PRIOR TO LOSS	<input checked="" type="checkbox"/>			

## CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

## ADDITIONAL INTEREST

CONTRACT OF SALE	LENDER'S LOSS PAYABLE	LOSS PAYEE	LENDER SERVING AGENT NAME AND ADDRESS
MORTGAGEE			
NAME AND ADDRESS Office of The United States Trustee 844 King Street, Suite 2207 Lockbox 35 Wilmington, DE 19801			AUTHORIZED REPRESENTATIVE 

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ACORD 28 (2016/03)

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SR ID: 18720730

BATCH: 1425032

CERT: W13496936

AGENCY CUSTOMER ID: \_\_\_\_\_

LOC #: \_\_\_\_\_



# **ADDITIONAL REMARKS SCHEDULE**

Page 2 of 2

<b>AGENCY</b> Willis of Texas, Inc.		<b>NAMED INSURED</b> Highland Capital Management, L.P. 300 Crescent Court Suite 700 Dallas, TX 75201	
<b>POLICY NUMBER</b> See Page 1			
<b>CARRIER</b> See Page 1	<b>NAIC CODE</b> See Page 1	<b>EFFECTIVE DATE:</b> See Page 1	

## **ADDITIONAL REMARKS**

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,

FORM NUMBER: 28 FORM TITLE: Evidence of Commercial Property

Building Limit for 8355 Gaylord Pkwy, Frisco, TX: \$3,000,000

### **Covered Locations:**

300 Crescent CT., Ste. 700, Dallas, TX 75201

8355 Gaylord Pkwy., Frisco, TX 75034

7 Times Sq., Ste. 4304 (43rd Floor), New York, NY 10036

3409 Rosedale Ave., Dallas, TX 75205

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## HIGHLAND CAPITAL MANAGEMENT, LP

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### Initial Monthly Report

Highland Capital Management, LP ("Debtor")

### Other Insurance/Self-Insurance Coverages

#### Self-Insurance:

The Debtor and twelve of its affiliates ("The Group") participate in a self-insured medical and dental insurance program, which is administered by BlueCross BlueShield. The Group is responsible for paying insurance claims as incurred unless a stop-loss limit is reached. Stop loss limits are \$100k per individual and \$5.2M for the plan as a whole.

#### Employers and Professional Liability:

The Debtor holds Employers and Professional Liability coverage through an affiliate, Governance Re, Ltd., an insurance captive. The captive is owned by an affiliate, Highland Capital Management Services, Inc., which is majority owned by James Dondero. The annual premium on the policy is \$300k and there is a \$10M limit of liability.

## IN THE UNITED STATES BANKRUPTCY COURT

## FOR THE DISTRICT OF DELAWARE

In re:

HIGHLAND CAPITAL MANAGEMENT, L.P.,<sup>1</sup>

Debtor.

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Chapter 11

Case No. 19-12239 (CSS)

Related to Docket No. 5

**INTERIM ORDER AUTHORIZING (A) CONTINUANCE OF  
EXISTING CASH MANAGEMENT SYSTEM, (B) CONTINUED USE OF THE PRIME  
ACCOUNT, (C) LIMITED WAIVER OF SECTION 345(b) DEPOSIT AND INVESTMENT  
REQUIREMENTS, AND (D) GRANTING RELATED RELIEF**

Upon consideration of the *Motion of Debtor for Interim and Final Orders*

*Authorizing (A) Continuance of Existing Cash Management System, (B) Continued Use of the Prime Account, (C) Limited Waiver of Section 345(b) Deposit and Investment Requirements, and (D) Granting Related Relief* (the "Motion")<sup>2</sup> filed by the above-captioned debtor and debtor in possession (the "Debtor") in the above-captioned chapter 11 case; and this Court finding that (a) this Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; (b) this matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and (c) due and adequate notice of the Motion was given under the circumstances; and after due deliberation and cause appearing therefor;

**IT IS HEREBY ORDERED THAT:**

1. The Motion is **GRANTED** on an interim basis as set forth herein.

<sup>1</sup> The Debtor's last four digits of its taxpayer identification number are (6725). The headquarters and service address for the above-captioned Debtor is 300 Crescent Court, Suite 700, Dallas, TX 75201.

<sup>2</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Motion.

2. The Debtor is authorized to continue operating the Cash Management System as described in the Motion and in a manner consistent with the Debtor's prepetition practices and this Order.

3. The Debtor is authorized, but not directed, in the reasonable exercise of its business judgment, to: (a) designate, maintain and continue to use, with the same account numbers, the Bank Accounts and the Prime Account in existence as of the Petition Date; (b) treat the Bank Accounts and the Prime Account for all purposes as debtor in possession accounts; and (c) use all existing Business Forms without reference to the Debtor's status as "debtor in possession" until such supply is depleted, after which the Debtor will use new Business Forms with the "debtor in possession" reference and the corresponding bankruptcy case number; provided that, with respect to checks which the Debtor or its agents print themselves, the Debtor shall begin printing the "Debtor in Possession" legend and the bankruptcy case number on such items within ten (10) days of the date of entry of this Order.

4. The Banks – NexBank, SSB, and BBVA USA – are authorized to continue to service and administer the Bank Accounts as debtor in possession accounts without interruption and in the usual and ordinary course of business, and to receive, process, honor, and pay any and all checks and drafts drawn on the Bank Accounts after the Petition Date by the holders or makers thereof, as the case may be; *provided, however*, that any check that the Debtor advises to have been drawn or issued by the Debtor before the Petition Date may be honored only if specifically authorized by order of this Court.



5. Except as modified by this Order, the Debtor's existing agreements with the Banks and with respect to the transfers to and from the Bank Accounts shall continue to govern the postpetition cash management relationship between the Debtor and the Banks. In the course of providing cash management services to the Debtor, the Banks are authorized, without further order of this Court, to continue to deduct from the appropriate accounts of the Debtor, their routine and ordinary course fees and expenses associated with the nature of the deposit and cash management services rendered to the Debtor.

6. The Debtor shall maintain detailed records reflecting all transfers of funds under the terms and conditions provided for by the existing agreements with the institutions participating in the Cash Management System. In connection with the ongoing utilization of its Cash Management System, the Debtor shall continue to maintain accurate and detailed records in the ordinary course of business with respect to all transfers including intercompany transfers so that all transactions may be readily ascertained, traced and recorded properly on the applicable accounts and distinguished between prepetition and postpetition transactions.

7. Nothing contained herein shall prevent the Debtor from closing any Accounts as they may deem necessary, and any relevant Bank is authorized to honor the Debtor's request to close such Accounts, and the Debtor shall give notice of the closure of any Accounts to the U.S. Trustee and to any statutory committee appointed in this case.

8. The Debtor is authorized to open new bank accounts; provided, however, that all accounts opened by the Debtor on or after the Petition Date at any bank shall, for purposes of this Order, be deemed a Bank Account as if it had been listed in the Motion; provided, further,

that (a) any such new bank account shall be opened at a bank that has executed a Uniform Depository Agreement with the U.S. Trustee for the District of Delaware, or at a bank that is willing to immediately execute such an agreement, (b) any such new bank account shall be designated as a "debtor in possession" account by the relevant bank, and (c) such opening shall be timely indicated on the Debtor's monthly operating report and notice of such opening shall be provided within 14 days to the U.S. Trustee and counsel to any statutory committee appointed in this chapter 11 case.

9. The Debtor is authorized to make the Intercompany Transactions consistent with the Motion and this Order; provided, however, that Intercompany Transactions shall not exceed \$1,700,000.00 on an interim basis absent further Order of the Court.

10. The Debtor is authorized to continue using the Prime Account as described in the Motion and in a manner consistent with the Debtor's prepetition practices and this Order; provided, however that the Debtor does not intend to borrow any additional amounts on margin, absent further order of this Court.

11. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied by the contents of the Motion.

12. Nothing herein shall, or is intended to, (i) create any rights in favor of or enhance the status of any claim held by any party or (ii) alter or impair any security interest or perfection thereof, in favor of any person or entity, that existed as of the Petition Date.

13. The Debtor is granted a 30 day extension of time to comply with the investment and deposit requirements of section 345 of the Bankruptcy Code, which extension is

without prejudice to the Debtor's ability to seek a further extension or final waiver of those requirements. For banks at which the Debtor holds accounts that are party to a Uniform Depository agreement with the Office of the United States Trustee for the District of Delaware, within fifteen (15) days from the date of entry of this Order the Debtor shall (a) contact each bank, (b) provide the bank with the Debtor's employer identification numbers, and (c) identify each of the accounts held at such banks as being held by a debtor in possession. For banks that are not party to a Uniform Depository Agreement with the Office of the United States Trustee for the District of Delaware, the Debtor shall use its good faith efforts to cause the bank to execute a Uniform Depository agreement in a form prescribed by the Office of the United States Trustee within thirty (30) days of the date of entry of this Order.

14. The notice requirements under Bankruptcy Rule 6004(a) and the stay under Bankruptcy Rule 6004(h) are hereby waived, to the extent that they apply.

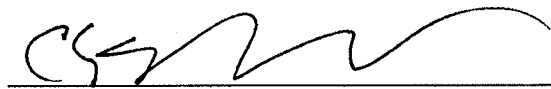
15. This Order shall be served promptly by the Debtor on the Banks and all parties in interest who were served by the Motion and all other parties who file a request for notice under Bankruptcy Rule 2002.

16. The final hearing (the "Final Hearing") on the Motion shall be held on November 19, 2019, at 12:00 p.m., prevailing Eastern Time. Any objections or responses to entry of a final order on the Motion shall be filed on or before 4:00 p.m., prevailing Eastern Time, on November 12, 2019, and shall be served on: (a) proposed counsel for the Debtor, Pachulski Stang Ziehl & Jones LLP, 919 N. Market Street, 17<sup>th</sup> Floor, Wilmington, DE 19801, Attn: James E. O'Neill, Esq.; (b) counsel to any statutory committee appointed in this case; and (c) the Office of

The United States Trustee, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801. In the event no objections to entry of a final order on the Motion are timely received, this Court may enter such final order without need for the Final Hearing.

17. This Court shall retain jurisdiction to hear and determine all matters arising from the enforcement, implementation, or interpretation of this Order.

Dated: 10/18, 2019



Honorable Christopher S. Sontchi  
United States Bankruptcy Judge

## Schedule of Retainers Paid to Professionals

Payee	Check Date	Check Number	Name of Payor	Amount	Amount Applied to Date	Balance	Balance As of Date
Development Specialists, Inc.	10/7/2019	Wire	Highland Capital Management, LP	\$ 250,000.00	\$ 9,660	\$ 240,340	10/16/2019
Pachulski Stang Ziehl & Jones LLP	10/2/2019	Wire	Highland Capital Management, LP	\$ 500,000.00	TBD	TBD	10/16/2019
Kurtzman Carson Consultants LLC	10/7/2019	Wire	Highland Capital Management, LP	\$ 50,000.00	TBD	TBD	10/16/2019